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SUBJECT: ZAMBIA MARCH 2007 ECONOMIC ROUNDUP

SUMMARY

-- MALAYSIAN TRADE MISSION TO ZAMBIA
-- EQUINOX ACQUIRES EQUIPMENT FOR LUMWANA COPPER MINE
-- GEMSFIELDS SELLS EMERALDS FOR OVER USD 1.0 MILLION
-- NAMIBIA BUYER/SELLER TRADE MISSION
-- BIO-FUELS POLICY TO BE ENACTED SOON
-- REGIONAL AIRLINE LAUNCHED IN ZAMBIA
-- FIRST EVER CORPORATE BOND ISSUED IN ZAMBIA

1) Malaysian trade mission to Zambia

A delegation from Malaysia visited Zambia in mid-March to identify investment opportunities. Delegation leader Tan Sri Dato Soong, chairman of the Malaysia South-South Association, told journalists that Malaysia seeks to collaborate with Zambia in joint ventures that include manufacturing of cold roll steel sections for furniture and housing. The team would also like to cooperate in manufacturing coke-fired cupola for cast iron industry, agricultural processing machinery, and paint, as well as solar energy driven motor pumps. Malaysia is exploring export opportunities for palm oil mill machinery, steel components for furniture and housing, and re-treaded tires for passenger cars and heavy trucks. The team was also looking for joint ventures with government agencies and cooperation needing services of information technology, importers, retailers and distributors.

The Malaysian team visited Livingstone to meet the business community and discuss investment possibilities, which may include joint ventures in university and hotel construction. Other sectors of interest to the delegation included banking, steel manufacturing, agriculture equipment, and palm oil production.

Delegation leader Soong said Malaysia was interested in setting up a Multi-facility Economic Zone in Lusaka with the support of the Japan International Cooperation Agency (JICA) and the Triangle of Hope Initiative. The Zambian government is currently working with JICA and a Malaysian consultant to replicate the Malaysian experience. The delegation signed an agreement to set up a mobile phone manufacturing plant with a local company as well as an engineering college. The delegation also signed a memorandum of understanding with Zambia Telecommunication Company Limited (Zamtel) to improve their service provisions.

Source: www.zamnet.zm; www.postzambia.com; www.times.co.zm

2) Equinox acquires equipment for Lumwana Copper Mine

Craig Williams, Equinox President and Chief Executive Officer, announced in a press statement to the Times of Zambia on March 21, 2007 that Equinox Minerals Limited acquired a Semi Autogenous Grind (SAG) mill worth USD 30 million for its Lumwana Copper Mine project in Solwezi. The basic design of the SAG mill was an adaptation of a similar mill currently in operation at Escondida mine in Chile. The mill is designed to process 2,450 tonnes of copper ore per hour with an annual rate of 20 million tons. The plant will also grind up to 200 tons of 100mm and 125mm mill steel balls. The machinery

manufactured by Gandara Censa in Spain is 38 feet in diameter and 20 feet in length, with installation power of 18 megawatts. The equipment is currently being installed at Lumwana Copper Mine in Solwezi.

Construction of Lumwana mine is on schedule for commissioning in the second quarter of 2008. It is anticipated that, once operational, Lumwana mine will produce an average of 169,000 tons of copper per annum contained in concentrates for the first six years of its expected 37 year mine lifespan.

Source: www.zamnet.zm; www.postzambia.com; www.times.co.zm

3) Gemfields Mine sells emeralds for over USD 1.0 million

Gemfields Company chief executive officer Richard James told Rapaport News on March 9, 2007, that Gemfields Resources Plc and AIM-listed junior mining company (AIM is the London Stock Exchange's international market for smaller growing companies) had completed a sale of USD 1.028 million worth of emeralds totaling 385,035 carats from the company's Mbuva-Chibolele mines in the Ndola rural district. The buyers were from Israel and India. This was the company's second sale; the first, in November 2006, took in approximately USD 770,000. James said that the second sale earned a 57 per cent higher value as the stones were extracted from deeper within the mine.

Source: www.zamnet.zm; www.postzambia.com; www.times.co.zm

4) Namibia buyer/seller trade mission

The USAID-funded Market Access Trade Enabling Project (MATEP) project and Zambia Development Agency (ZDA) held a Zambia Trade Exhibition at Safari Court Hotel in Windhoek, Namibia on March 23,

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2007. About 30 companies took part in the buyer/seller trade mission to Namibia. External trade between the two countries includes Namibian exports of copper ore and concentrates, electricity, cotton seed, timber, oil cake and sorghum. Zambian products with potential in the Namibian market include honey, coffee, sugar, mealie meal, flour, essential oils, cement, and textile products.

The event was officially opened by Namibian President H. Pohamba and Zambian President Mwanawasa. President Mwanawasa disclosed that a joint committee on trade was already in place and was working to establish a bilateral trade agreement between the two countries. He used the occasion to woo Namibian investors to come to Zambia. The coming months will give an indication of the effectiveness of this trade mission.

Source: www.zamnet.zm; www.postzambia.com; www.times.co.zm

5) Bio-fuels Policy to be enacted soon

The GRZ finalized a national bio-fuels policy after wide consultation with stakeholders. The policy was submitted to Cabinet Office for approval and launch. The bio-fuel policy aims to facilitate the production of ethanol in Zambia, and provides guidelines on how stakeholders in the industry will operate. Minister for Energy and Water Development Felix Mutati said in an interview that the Bio-Fuels Act will also define standards in terms of production, distribution and cost. It will also address issues such as the mixing of bio-fuels with other fuels such as petrol and diesel during production, and adding value to the by-products.

The enactment of the policy will enable companies such as Zambia Sugar to commence the production of ethanol from sugar cane, which is one of the major raw materials. Zambia Sugar Plc managing director Paul de Robillard said the company has the capacity to produce up to 13 million liters of ethanol at present sugar production levels. This production represents 15 per cent of Zambia's total petrol consumption. Zambia Sugar will also use the waste after juice had been extracted from the cane to produce electricity.

Source: www.zamnet.zm; www.postzambia.com; www.times.co.zm

6) Regional Airline launched in Zambia

Sefofane Air Charters was launched on March 23, 2007, following the issuance of a license to start operations in Zambia by the Department of Civil Aviation. Chief Executive Officer Mr. Neil Lumsden said Sefafane would be primarily engaged in servicing the tourism industry as well as flying corporate and government clients. The company would like to explore new challenges and opportunities in the Zambian aviation industry.

In Zambia, the airline will operate charter flights to South Luangwa National Park, Kafue National Park, Livingstone, and Lusaka. Three planes have been acquired that will service tourist sites.

Sefofane Air Charters was established in 1991 in Botswana and has operations in Namibia, Malawi, South Africa and now Zambia. The company has 43 aircraft and over 50 pilots, and owns a maintenance business with approximately 10 full-time engineers. The Zambia office will be headed by Mr. Nixon Chimuka as General Manager and the Chief Pilot is Mr. Kipe Mudenda.

Source: www.zamnet.zm; www.postzambia.com

7) First-ever Corporate Bond issued in Zambia

The Development Bank of Zambia (DBZ) successfully issued a K150 billion (USD 36.6 million) corporate bond, called a domestic Medium Term Note (MTN) program, with Standard Chartered Bank that is expected to help accelerate development of the local corporate bond market. The MTN program will provide capacity, flexibility to increase funding of medium term loan portfolio, room for continued pursuit of profitable growth and expansion of business. The transaction represents the first time in the history of Zambian capital market that a domestic Zambian kwacha program has been established, and is the largest single issue to be offered to institutional fixed income investors. This information was contained in a joint statement issued by Standard Chartered Bank and Development Bank of Zambia.

An initial tranche of five-year unsecured bonds due in February 2012 was issued by DBZ on February 28, 2007 for K68.620 billion (USD 16.7 million), with interest payments on this tranche to be made on a floating basis. Although the bond will be redeemed in 2012, investors will still get interest called coupon twice yearly before the bond matures.

Source: www.zamnet.zm; www.postzambia.com; www.times.co.zm

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